



Maximum PIE - Winning in Business



***Happily Maximizing Profit in a Small or
Medium-Sized Company***



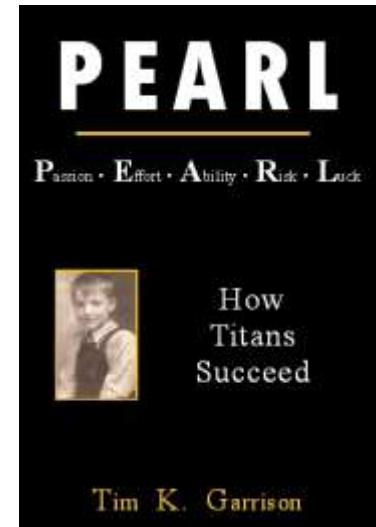
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Sources

The source material for this presentation comes from:

- * My 5th book, P.E.A.R.L., which includes a bibliography of 60+ books on success.
- * Success consulting with 30+ companies, including national and international work with True North Development, a Detroit-based global lean consultant.
- * Battle grime from starting up and running successful construction, consulting, and software companies.
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Part 2

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Leadership

Step 2 – Excellent Leadership

If all cures come from the top, then it behooves us to have great people up there to get it done.

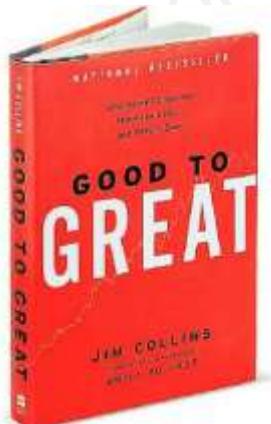
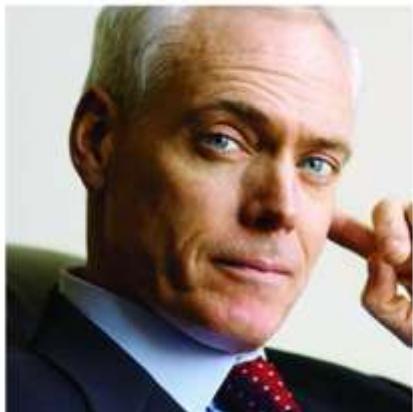


- *How much leadership training have we had?*
- *Does being good at our trade automatically make us a good leader?*
- *What is great leadership (definition)?*

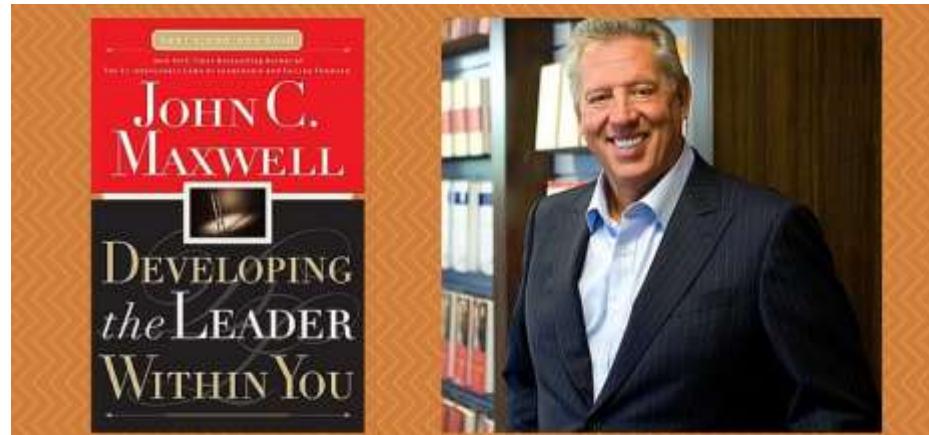
Excellent Leadership

My nutshell definition of Leadership:
Motivate others to want to do the task.

A couple great leadership resources: Good to Great, Jim Collins. Or any book by John Maxwell – he's written over 70 almost all on leadership.



- *How about old school punishment techniques?*
- *How about leading by example?*



Excellent Leadership

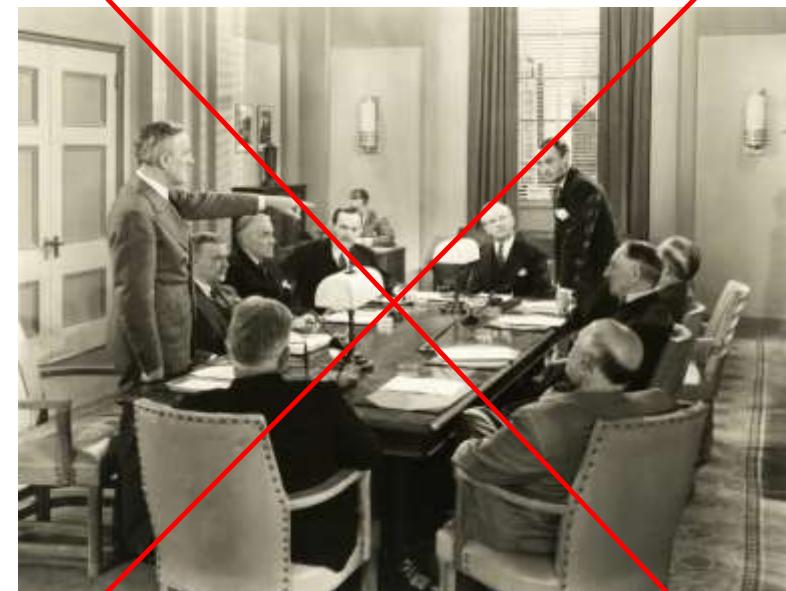
Old school punishment / management used to be the norm but has been shown to be much less effective than reward methods. Honey is more motivating than vinegar.

Remember our goal is to motivate our troops to **WANT** to do the task.
Punishment motivates revenge.

Being a great leader is hard work. And it can be lonely. Great leaders know they're always being watched and should adhere to a high personal standard at all times.

The great ones indeed lead by example.

List traits of great leaders.



Excellent Leadership

By displaying the following traits, great leaders motivate by default:

- Ambitious foremost for the company, not themselves.
- Work hard and diligently. More plough horse than show horse.
- Are modest, understated. Not showboaters nor glory hogs.
- Identify their successors and set them up for even greater success.
- Take the blame when problems arise and dish praise when credit is due.
- Are perpetually optimistic.
- Have great people skills.
- Are infectiously enthusiastic.
- Are more about giving than taking.
- Are genuinely caring.
- Have great vision.
- Are analytical first, then decisive.
- Will change course when necessary.
- Are innovative. Do not follow the pack.
- Embrace calculated risk.



Can leadership be learned?

Excellent Leadership

Yes, leadership can be learned. John Maxwell has made a nice livelihood teaching it.

Says Jim Collins:

"I believe that potential Level 5 leaders [best of the best] exist all around us, if we just know what to look for, and that many people have the potential to evolve into Level 5."

So the point is, even if our leadership skills are not great today, with some education, mentoring, practice, and hard work they could be.

- *Name a great leader you know personally and tell why.*
- *What specific steps can our leaders take to get better?*



Leadership Example

At the end of the 2015 baseball season, the Seattle Mariners new General Manager, Jerry Dipoto, fired coach Lloyd McLendon and began the search for his replacement. Here's what he was looking for in his words:

"Positive energy, interaction with players, a good baseball background, a teacher, someone who can create a plan and lead people."

"In many ways a manager's position is as much about creating an environment as it is about Xs and Os. Too much is made of analytics. It's more about environment, leadership, and energy."

He found his man in Scott Servais.

After two years the Mariners are still not a post-season team. Is this a failure of leadership or something else?



Leadership Example

I believe that the Mariners' (just like any other business') failures are 95% the fault of management.

I think coach Servais is very good at motivating his players. He's a good leader. The problem is, he needs better players. That's solely a management problem. More on this later...

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*Is it clear to you what your role is
in this company?*



Your Role

Companies work well when leaders lead and followers follow. We each must know our place, accept it, and be all in for our team.



- *On a scale of 1-5 with 5 being excellent how would you rate yourself in your role?*
- *How does someone come to know their role? IE, who / what tells them?*

Your Role

Your role should be clear to you and everyone else. It should be shown on an up-to-date Org Chart. More on that later...

If you don't feel confident in your role, you have some options:

- Make yourself better by studying, reading, reaching out to a mentor.
- Visit with your supervisor, ask for help. People love to be asked for advice, it makes them feel valuable.



What if you have to follow a leader who you think is not leading well?

Bad Leader

We've all been in the position of following a leader who in our opinion isn't effective. Our options are limited:

- Talk to the leader in private. Be clear and direct as to the problem.
- Talk to the leader's supervisor. Note, some companies do not allow this, and for good reason. (Why?)
 - If you talk to the leader's supervisor, make sure to present only facts, not emotion.
 - And most importantly, bring a solution.
- Leave the company.

For a team to be effective, what percentage of teammates must be all in?



Constancy of Purpose

Being more excellent takes absolute commitment from *everyone* in the company, from the top of the org chart to the bottom.

Everyone needs to know what they're doing and how it will get done.

This is what Deming calls ***constancy of purpose***.



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How can we achieve
constancy of purpose, IE
how do we get everyone
knowing what they're
doing?
... everyone's buy-in?

W. Edwards Deming

A company could put a top man at every position and be swallowed by a competitor with people only half as good, but who are working together.

Constancy of Purpose

Constancy of purpose starts at the top. Management must buy in and walk the talk.

Upper management must understand who their boss is.

Getting everyone to know what they're doing takes training, teaching, and learning. More on that later...



**People buy into the leader
before they buy into the
vision.**

John C. Maxwell

- *Does the Owner / upper management actually have a boss?*
- *... who? (hint, recall chapter 1)*

Constancy of Purpose

The Owner's boss is the **customer**. That's ultimately who we all work for. Are we *really listening* to our customers? Recall Chapter 1.

Next we need well-trained, all-in employees. Not just a few, but all.



- *How do we ensure everyone is doing the right thing, as efficiently as possible?*
- *How do we ensure everyone is mentally all-in?*

Constancy of Purpose

The only way to ensure that all associates are doing the right things as efficiently as possible is through **training and education**. We'll discuss this in detail in the next chapter.

To ensure that everyone is mentally all-in requires that they're happy at work.

If you can't describe what you are doing as a process, you don't know what you're doing.

W. Edwards Deming

- *Is everyone here happy at work?*
- *Why or why not?*
- *What could we do better?*

People First

Deming tells us that morale matters *a lot*. Happy workers are productive workers:

Studies have shown that happy workers are about *10% more productive*. What was our desired profit margin again?

Many studies have also shown that workers are motivated less by money than intangibles leading to workplace happiness and a bright future.

- *Do you agree with Branson's quote? Why?*
- *Is money a really motivator? Why?*

**Clients
do not come first.**

**Employees
come first.**

**If you take care of
your employees,
they will take care
of the clients.**

Richard Branson



Money as a Motivator

Money *is definitely* a motivator. For example, secret shopper program at Five Guys Burgers and Fries.

But it can be a double-edged sword.

List some ways to motivate with money.



Bonuses and Profit Sharing

Monetary methods to motivate:

- Salary. (Pretty obvious.)
- Bonuses. Can be cash, gifts, whatever, at the discretion of Owner.
- Profit Sharing. Two types:
 - Deferred: Profits are usually deposited in a retirement account. Tax deductible to company and tax deferred to employee (no tax paid until withdrawn.) Similar to 401k except employee may not contribute, only the company contributes. Can be in addition to a 401k. Restrictions on when employees can access the funds, i.e. penalties if drawn before retirement age.
 - Cash: Profits are divvied up and disbursed in cash. Employees pay ordinary income tax on the monies received.

*List some downsides
to using money to
motivate.*



Bonuses and Profit Sharing

Possible downsides to monetary motivators:

- The “bonus” becomes viewed as an entitlement.
- Can result in “haves” and “have-nots.” Almost guarantees discord.
- Effort and time required to determine who gets what.
 - Possible factors: longevity; performance; missed time from work; likeability; who does the rating; rating system creation, implementation, and maintenance.
- Perception of favoritism.
- If co-workers do the rating, can be divisive.
- Perception that it's not enough, i.e. not commensurate with perceived profit or workers' efforts.

- *Is monetary motivation worthwhile? If so which method is best for us?*
- *Besides money, list some ways to boost morale.*



Non-Monetary Morale Boosters

Management's non-monetary moral boosters:

- *Be positive, always.*
- *Smile*
- *2 for 1 attaboy rule*
- *Take a personal interest in each other, up and down the org chart*

- *Do fun things sometimes*
- *Mix up job tasks – keep it fresh*
- *Clean up. Everyone chip in*
- *Buy someone's lunch sometimes*
- *Communicate well*



I ❤️ my job

- *These may boost morale but do they motivate?*
- *What is the 2 for 1 attaboy rule?*

2 For 1 Attaboy Rule

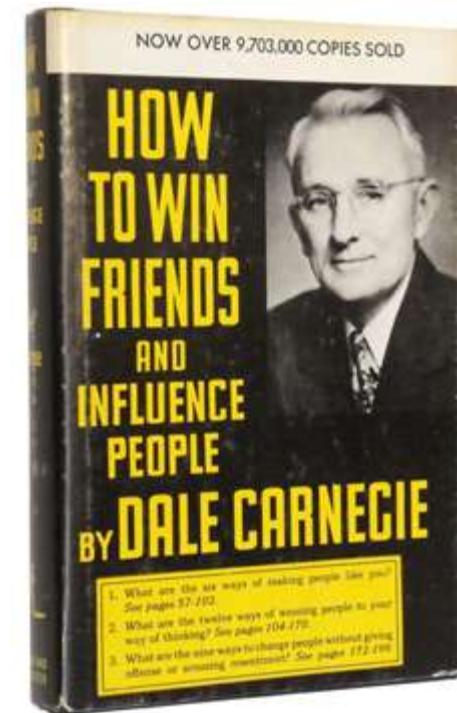
When morale is good, people are happy. Happy people are productive people. So, yes, morale should be viewed as a motivator.

The 2 for 1 Attaboy Rule:

For every 1 discipline, apply 2 attaboys.

The KKK corollary: Kiss, Kick, Kiss.

This is a page out of Dale Carnegie's mammoth best seller, How To Win Friends and Influence People. His way of saying it: "*Be hearty in your approbation and lavish in your praise.*"



- *Is communication really a morale issue?*
- *Why is effective communication important?*

Effective Communication

Effective communication is critical to morale. When it's bad, people become frustrated and angry.

When it's good, people respond positively.

If good communication is always happening, associates will feel more secure in their jobs. IE management is constantly keeping everyone apprised of the company's health.

- *List three elements of effective communication?*
- *Should management be forthcoming when the corporation is on hard times?*



Effective Communication

Management should always communicate both the good and bad. When disclosing challenges, it's a golden opportunity to also communicate the fixes. I preach full-disclosure, open book policy. This builds **trust – the foundation of any relationship**. More on trust later...

Communicating well is pretty simple:

- Listen
- Speak clearly
- Listen, hear
- Say enough but not too much – be concise.
- Listen, pay attention
- Use appropriate language
- Return phone calls, texts, emails quickly

*When you can't agree on an issue what should you **not** do?*

Most people do not listen with the intent to **understand**.
Most people listen with the intent to **reply**.

– Stephen R. Covey

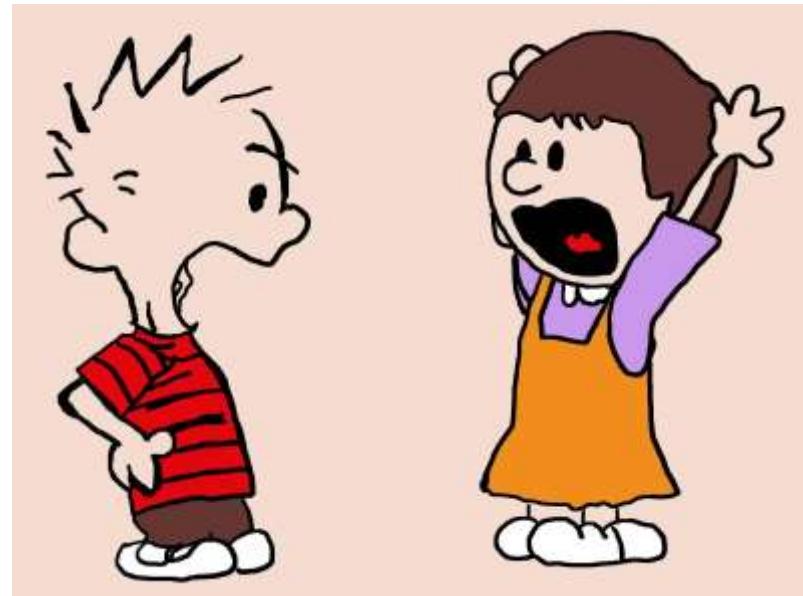
Effective Communication

It's unreasonable to expect full agreement all the time. Humans disagree with each other – it's a fortunate fact of life. Accept it, embrace it, be an expert at dealing with it.

Do not:

- Talk over each other
- Raise your voice “to be heard better.”
- Escalate an argument. Beware the vicious argument cycle.

- *Why is disagreement “fortunate”?*
- *When you can't agree what **should** you do?*



Effective Communication

Disagreement ensures that multiple sides of an issue will be put on the table.
No one has all the information or answers. We need external input.

When it becomes clear that agreement is not happening,

Do:

- Agree to disagree. Shift your thinking to accept this as a viable outcome.
- Shelf the issue for a day or two. It's amazing how "calm time" to think can help clarify.
- Try again when heads are cool.

What about when a decision needs to be made but agreement is still not happening?



Effective Communication

When a decision must be made but agreement isn't in the cards, the person in charge makes the call. End of story.

If you don't get your way accept it and cheerfully support the decision. *Team first, always.* More on this later...

**Who's in charge?
How do we know**

